

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1809 – SB 2233

February 28, 2018

SUMMARY OF ORIGINAL BILL: Combines the disciplines of barbering and cosmetology by eliminating licenses under the barbering discipline and creating uniform cosmetology/barbering licenses for individual licensees, shops and schools. Eliminates the requirement for a license to perform natural hair styling services and the requirement for shops and schools specializing in natural hair styling to be licensed.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –

\$3,200/FY18-19/Board of Cosmetology and Barber Examiners

\$6,500/FY19-20 and Subsequent Years/

Board of Cosmetology and Barber Examiners

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Cosmetology and Barber Examiners experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.

The Governor's proposed budget for FY18-19, on page A-37, recognizes a recurring decrease in state revenue to the Board of Cosmetology and Barber Examiners in the amount of \$6,500.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures – \$3,200/FY18-19

\$6,500/FY19-20 and Subsequent Years

SUMMARY OF AMENDMENT (013856): Deletes all language after the enacting clause. Deletes high school education requirements for certification as a barber technician or master barber. Deletes requirement that individuals applying for licensure as a barber or cosmetology school instructor be licensed for continuous years.

Renames the practice of natural hairstyling to natural hair care styling and adds the requirements of understanding conditions of the scalp, hair cutting, thermostyling, and roller setting to the definition. Requires a license to perform natural hair care styling services. Requires shops and schools specializing in natural hair care styling to be licensed.

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Defines braiding and braiding salon and expands the definition of shop to include braiding salon. Requires a license to perform braiding services. Authorizes a licensed braider to render services without the supervision of a licensed cosmetologist, but only in a shop or braiding salon licensed by the board.

Requires the Board of Cosmetology and Barber Examiners (BCBE) to develop a detailed plan for merging the practices of barbering and cosmetology. Requires the BCBE to deliver the plan to the Government Operations Committee of the House and Senate by January 1, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$800/FY18-19/Board of Cosmetology and Barber Examiners

\$1,500/FY19-20 and Subsequent Years/

Board of Cosmetology and Barber Examiners

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Cosmetology and Barber Examiners experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.

The Governor's proposed budget for FY18-19, on page A-37, recognizes a recurring decrease in state revenue to the Board of Cosmetology and Barber Examiners in the amount of \$6,500.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 62-4-102(a)(17), braiding is a technique defined under natural hair styling.
- Passage of this legislation would create a new licensure for braiders under the Board of Cosmetology and Barber Examiners (BCBE).
- Creating a new braider license and requiring braiding salons to be licensed would result in an increase in state revenue to the BCBE.
- The biennial license fee is \$60 for a natural hairstylist. It is assumed the braider license will be the same.
- There are currently 156 natural hairstylists currently licensed in Tennessee.
- It is assumed 30 percent or 47 natural hairstylists will become licensed braiders. However, since these individuals are currently licensed as natural hairstylists and are paying the same license fee, any impact on state revenue or expenditures associated with them will be not significant.
- It is estimated that an additional 50 individuals will become licensed as a braider over any two-year period. These individuals are not currently licensed as natural hairstylists.

- Due to the effective date of this legislation of January 1, 2019, the total increase in state revenue is estimated to be \$750 [(50 individuals x \$60) / 2-year license x 50.0%] in FY18-19 and \$1,500 [(50 individuals x \$60) / 2- year license] in FY19-20 and subsequent years.
- The BCBE can promulgate any necessary rules during regularly-scheduled Board meetings at no additional cost.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The BCBE experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.
- For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2019, the public welfare requiring it.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

**Increase Business Revenue – Exceeds \$800/FY18-19
Exceeds \$1,500/FY19-20 and Subsequent Years**

**Increase Business Expenditures – \$800/FY18-19
\$1,500/FY19-20 and Subsequent Years**

Assumptions for the bill as amended:

- This legislation is estimated to result in a recurring annual increase in business expenditures of \$1,500 as a result of the new requirement for a braider to pay a licensure fee.
- However, creating a new braider license is assumed to provide opportunity for individuals to engage in a profession that they are not currently engaged in. Such individuals will realize an increase in revenue as braiding businesses.
- To remain solvent, it is assumed that any increase in revenue will exceed any increase in expenditures incurred.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee RNC

Krista M. Lee, Executive Director

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